

May 5, 2010
6:00 P.M.
Newport, Oregon

CALL TO ORDER

Co-Chair Allen called the May 5, 2010, meeting of the City of Newport Budget Committee, to order at 6:00 P.M.

ROLL CALL

Committee members in attendance were Brusselback, Norman, Patrick, Bertuleit, Wilde, Allen, Smith, Bain, Huster, Obteshka, and Forinash. Webster and McConnell were excused.

Staff in attendance was City Manager Voetberg, City Recorder Hawker, City Attorney McCarthy, Executive Assistant Atkinson, Library Director Smith, Community Development Director Tokos, Parks and Recreation Director Protiva, Public Works Director Ritzman, Airport Director Cossey, Police Chief Miranda, and Interim Finance Director Brown.

OPENING COMMENTS FROM CO-CHAIRS

Allen reported that McConnell and Webster had provided written comments. He noted that if it appears the budget review is nearly complete by 8:30 P.M., the meeting will continue. If there are still several funds to review at 8:30 P.M., another meeting will be scheduled.

Smith reported that Phil Rau and Brenda Adams had passed away, and that these are great losses to the community.

STAFF/COMMITTEE MEMBERS RESPONSE TO QUESTIONS ASKED AT PREVIOUS MEETINGS

Brusselback asked about the overtime budget for the Police Department. He noted that if it was needed while one officer was deployed in the National Guard; now that the officer has returned, it might not be required. He noted that with \$150,000 in proposed overtime, another full-time officer could be hired.

Allen noted that the General Fund reserves had increased from the first budget meeting. He added that on page 25 of the updated budget, there is \$150,000 in reserves. He also noted an increase of \$100,000 in revenue. It was reported that two-thirds of this amount is due to a transfer from another fund into the General Fund.

Allen asked whether staff anticipated the funded percentage of the defined benefit portion of the pension plan to continue at approximately 56%. Brown reported that she anticipates an upturn in this account. Voetberg reported that staff is following the recommendations of the pension committee. Allen asked whether the low funded percentage could impact bond ratings, and Brown noted there should be no affect on bond ratings.

Allen noted that personnel costs are not separated into salary and benefits. Brown reported that the salary/benefit costs are approximately 50/50. Allen asked whether an increase in benefits was anticipated. Brown reported that health insurance costs are expected to increase eight percent. She noted that PERS contributions will remain the same as last year. She added that the unfunded amount for non-PERS employees will increase one percent.

Allen had questions regarding airport staffing, and he noted that he followed the questions up with a public records request. He thanked the city for the information.

Voetberg distributed a copy of a memorandum dated May 5, 2010. He noted that it will be helpful in tracking which budget and amendments are under discussion.

Voetberg reported that because a stormwater utility fee has been proposed, along with increases in water and wastewater fees, the previously set-aside money can be returned to the wastewater fund contingency after refinancing of the wastewater bonds.

Voetberg reported that the police and fire unions and the non-represented employees have agreed to concessions, but that AFSCME has yet to respond. He asked that clear direction be given in regard to salary increases for this bargaining unit if the budget is approved this evening. A discussion ensued regarding this matter.

Voetberg distributed information regarding accomplishments by the Public Works Department.

Allen noted that a different proposed budget was presented on April 28. A discussion ensued regarding differentiating which version was being referenced.

PUBLIC COMMENT

Joyce Gaffin thanked the City Council for voting to apply for a matching grant for the South Beach Ravine and Foredunes Project. She asked whether funding was available to purchase the three lots in this project area if grant funding was unavailable. She suggested a decision be made regarding purchasing a larger property in South Beach that currently is owned by Investors 12.

Woody Ouderkirk noted that the area south of the bridge is in Newport regardless of its South Beach neighborhood designation. He suggested that the Urban Renewal Agency is spending money, in South Beach, to make things fancy rather than getting things done.

Mike Eastman stated that he is the president of the local AFSCME chapter. He noted that the City Council had received a letter from AFSCME, and he emphasized that this bargaining unit has not said no to concessions. He noted that the unit has provided ideas for potential savings, and that it has concerns about the deputy public works director position. He stated that it is difficult to understand the addition of a new management position when the bargaining unit is being asked to make concessions. He noted that the AFSCME members are concerned about the plans to implement a radio read meter reading system. He added that the group is also concerned about project cost overruns. He noted that the goal is to minimize outsourcing and to keep good employees here.

Colleen Savage reported that she is the AFSCME representative and that she supports Eastman's comments. She noted that this bargaining unit has listed 20 options for saving or generating money. She asked that the Committee look at the cost of reduction of the work force, the city's deficit, and extra things the city may not need. She reviewed some of the suggestions of the bargaining unit, including on-line training instead of off-site training. Brusselback asked whether Voetberg had seen the list. Voetberg reported that he has seen the list, and some of the suggestions have been implemented, or are in the process of implementation. He noted that some of the revenue generating suggestions will require a City Council policy change.

It was reported that a letter had been received from Ross Schultz supporting the addition of the deputy public works director position.

Voetberg reported that Ritzman did a good job on the Public Works Department accomplishment list. He added that these accomplishments are a credit to all workers. He stated that there are lots of desires for projects, and he does not want to embark on a project without adequate oversight from the beginning to the end. He noted that this staff person could manage designers, permits, contractors, and would be a critical position considering the number of planned projects.

Ritzman reported that there is a list of routine jobs, in addition to major projects, that require oversight and assistance. He noted that the water and street superintendent positions have not been filled, and that the deputy public works director will not take over the water and street superintendent duties. Ritzman reported that, over the years, the Public Works Department had a staff reduction of one engineer and two technicians. He noted that the department is not getting everything done that the City Council wants due to lack of staffing. Bain noted that if the city does not provide a contract administration, it is setting the department up for failure. Ritzman reported that the Public Works Department had 30 FTE's 16 years ago, and now has 27.5 FTE's. Obteshka suggested investigating the possibility of using techs or engineering students during the summer. He noted that he worked with DEQ on the Bayfront dirt removal, and that he believes there are options to the deputy public works director. Forinash asked what the position would cost and whether there is a quantified skill set.

Kilbride asked how the deputy public works director position relates to the vacancies in the street and water superintendent positions. Brusselback asked what the net increase would be with the addition of the deputy public works director. He noted that he was unaware that there was a lack of enthusiasm, by staff, for the radio meter reading program.

Ritzman stated that technicians are best suited for inspections, and a project requiring experience may require a professional engineer. Voetberg reiterated that the deputy public works director is a position that would monitor projects from cradle to grave, and would require a large skill set and the right people in the right place to meet current and future city needs. He noted that the city has needed the position for a long time, and that the position would cost an additional \$10,000 at the most. He added that the title is less important than what this person would do, and that this is not another layer of management.

Ritzman noted that with nine projects, the city would need nine part-time people or one deputy public works director or project manager. He added that with one person, there is a greater understanding of the projects and continuity.

It was noted that the radio meter reading program was suggested in the master plan, and it has advantages in that it involves less labor costs.

Eastman reported that the water and street superintendent positions were not replaced, but water and street supervisor positions were created. He noted that there is currently one less water operator and street worker.

Savage stated that the deputy public works director is not needed. She noted that a project manager would save the city money, but that she cannot support the addition of a management position.

Ritzman noted that the city did create water and street supervisory positions that are working positions. He reported that the city added a water operator, utility worker, and wastewater worker. Voetberg noted that with the adjustments in public works staffing, and the addition of a deputy public works director, the city is still saving \$12,000. Huster noted that continuity is critical for projects, and suggested that there should be qualified candidates from the OSU grad pool.

Bertuleit noted that a project manager would not have to be a P.E., and added that he has not seen a job description for the deputy public works director position.

Patrick noted that the AFSCME union has not come to an agreement with the city, and stated that she would like the union and management to resolve the issues and come back to the Budget Committee.

Allen noted that if there is another meeting next week, the issue might be clearer.

WATER FUND

Ritzman reviewed the authorized positions in water treatment and water distribution. Wilde asked whether the plant is staffed 24/7, and Ritzman noted that the plant is staffed only when it is operating. Wilde asked whether the new plant will be easier to operate, and Ritzman noted that it will be operated by a computer that someone could conceivably operate the plant from off-site.

A discussion ensued regarding the allocation of costs between the Water and Wastewater Funds and the General Fund. Allen asked for clarification on the budgeted allocations. Voetberg reported that the city has not been able to implement certain elements of the cost allocation study. Allen asked whether the fees in lieu of franchise fees were included in the FCS study and how they can be differentiated. Ritzman reported that the city charges fees in lieu of franchise fees to other utilities, and the logic is that it is a tax directed to the General Fund. Bain noted that the difference between the FCS study and the budget is puzzling, but probably logical. Ritzman will provide answers next week.

WASTEWATER FUND

Ritzman reviewed the authorized positions in the Wastewater Fund. Wilde asked whether the plant operates 24/7, and Ritzman reported that it does operate 24/7, but that it is not always manned.

STREET FUND

Ritzman reported that there are two divisions in this fund including street maintenance and storm drain maintenance. He reported that state gas tax collections are static while the cost of asphalt has doubled. He noted that the supervisor and four staff people perform some of the work including grading, brush cutting, pothole repair, street preparation, and minor projects.

Ritzman reported that the proposed storm drain utility fee is estimated to be five dollars per residence monthly. He explained the process for determining the fee for commercial and retail properties.

CAPITAL PROJECTS FUND

It was noted that a list of projects is contained on pages 126 - 130 of the budget. Ritzman discussed the five-year capital improvement plan. Allen noted that the plan is a great idea and that it shows the needs and projections of the city.

Huster asked for clarification of a comment made earlier that the "city has more money than people." Ritzman noted that the South Beach URA projects will keep one project manager busy. Wilde asked about the proposed round-about in South Beach.

SDC FUNDS

Ritzman reported that SDC monies are generated by revenues collected with building permit fees. Kilbride asked about the Little Creek Apartment SDC returns, and Ritzman reported that the apartments qualified for an SDC rebate that was unpaid because the city did not receive the as-built drawings and other materials. He noted that this money has to be budgeted in the event the apartment complies with the requirements.

NEXT MEETING

The next meeting will be held at 6:00 P.M., on Wednesday, May 12, 2010. Funds to be discussed include Community Development, Administration, Urban Renewal Authority, and all other funds.

ADJOURNMENT

Having no further business, the meeting adjourned at 8:28 P.M.

David N. Allen, Co-Chair

Robert Smith, Co-Chair